



LOCAL RECOVERY AND REINVESTMENT

POTENTIAL MEASURE INCREASING THE TRANSIENT OCCUPANCY TAX

CITY COUNCIL MEETING
STUDY SESSION

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July 14, 2020

Objective



- Hold a Study Session
- Provide Direction to Staff Regarding Submitting to the Voters at the November 3, 2020 Election a City of San Bruno Recovery and Reinvestment Measure Increasing the Transient Occupancy Tax (“Hotel Tax”)

Agenda

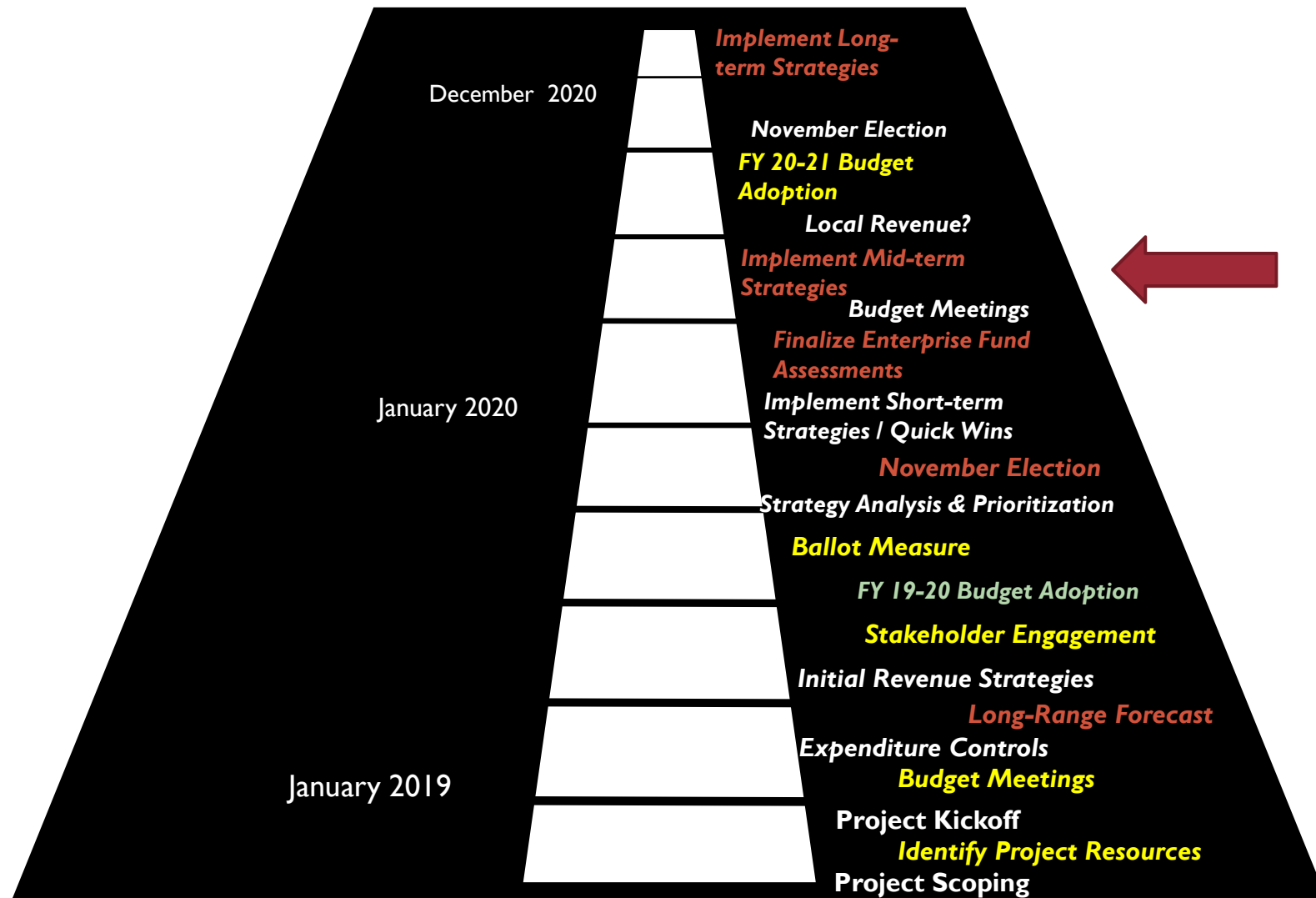


- I. Improving Fiscal Sustainability
- II. Community Polling
- III. Ballot Question
- IV. Request to Council & Next Steps
- V. Questions



I. Improving Fiscal Sustainability

Comprehensive Fiscal Sustainability Project



Enhance Locally-Controlled Revenue

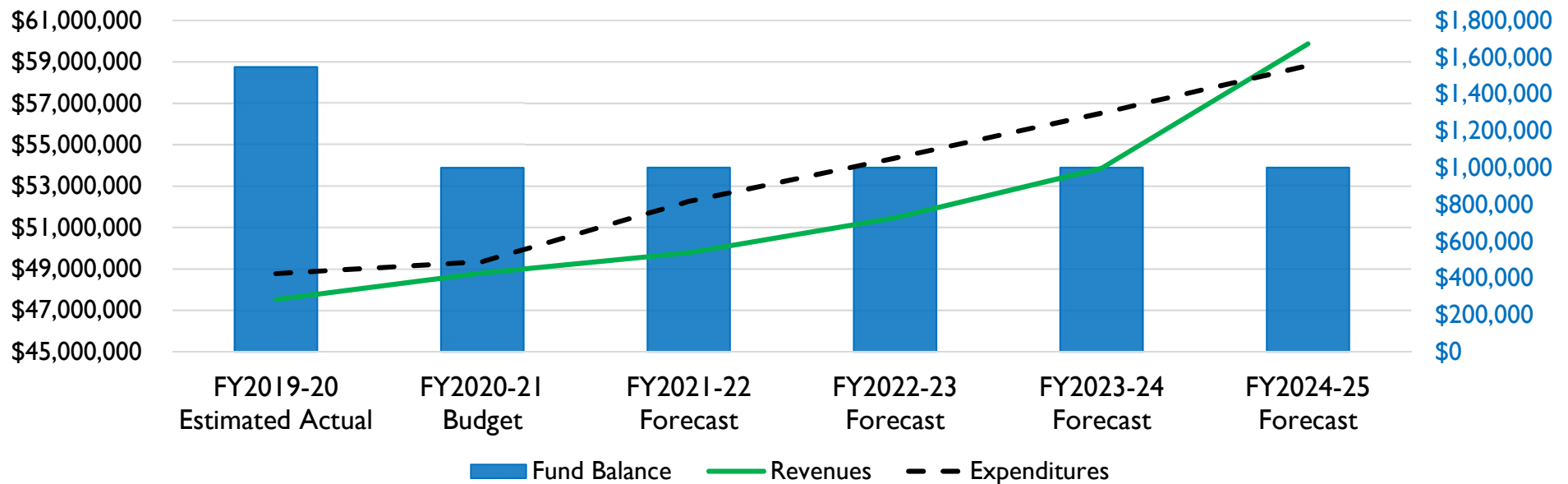


- **Completed**
 - Development Impact Fee Program
 - Measure G District Sales Tax
 - Utility Billing Process Improvements
- **In Progress/Discussion**
 - Fee Study & Indirect Cost Plan
 - Additional locally-controlled revenue
 - Short-term rentals

General Fund Long Range Financial Plan



Long-Range Financial Forecast General Fund

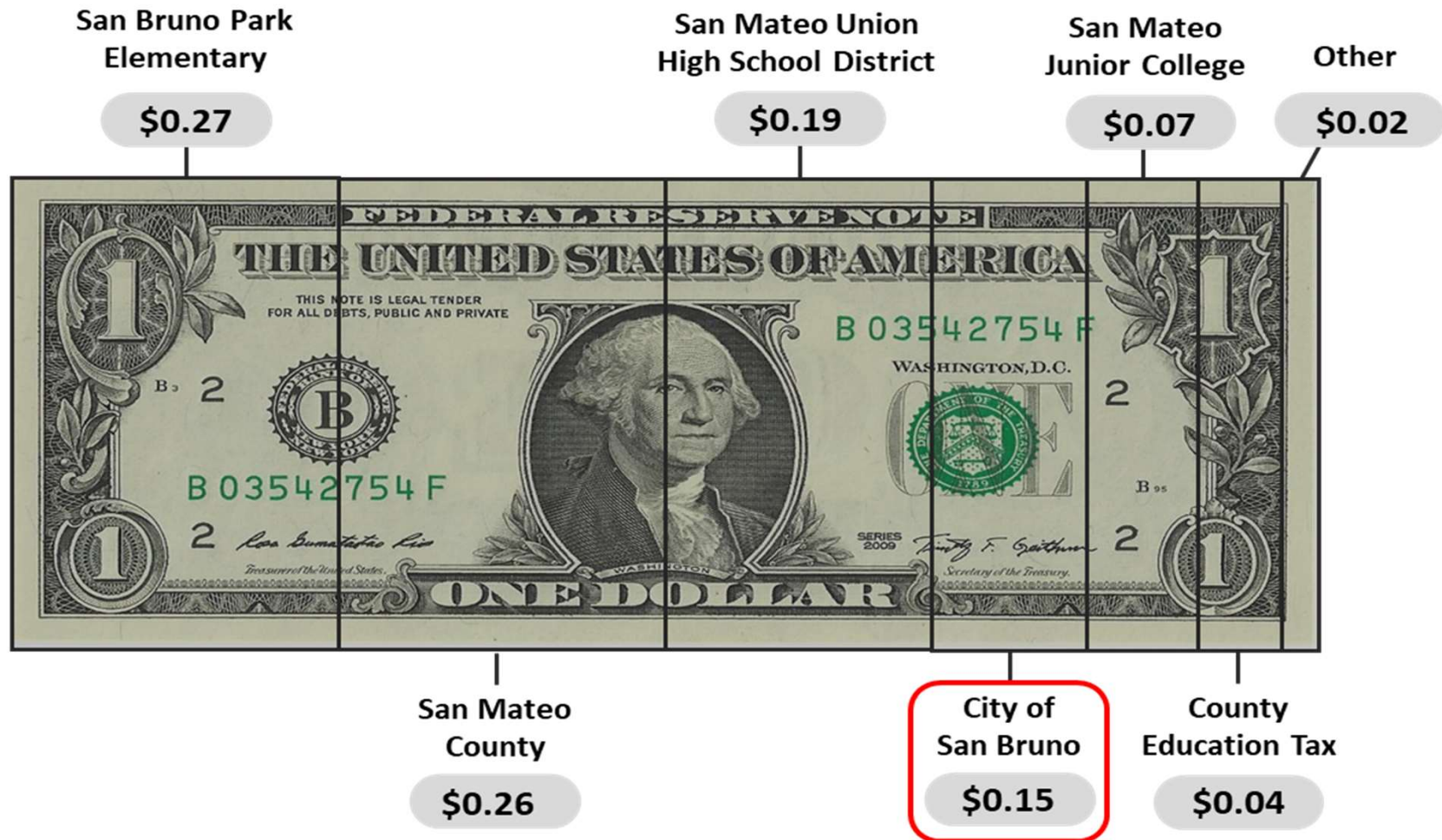


- Projected decline in major tax/revenue sources, then flattening out
- Conservative assumption for development projects
- 3-5% personnel cost increases
- No significant service level changes
- Assumes funding reductions required in each year to balance the budget

Property Tax Breakdown



Your Property Tax Dollar



Sales Tax Example



Sample Sales Tax Eligible Purchase in San Bruno

Sub-total	\$75.00
Sales Tax (9.75%)	\$7.31
Total Sale	\$82.31

***Includes Measure G District
Sales Tax of 0.50%**

Sales Tax Paid: \$7.31

- State of California \$4.53 (62%)
- County/Districts \$1.68 (23%)
- **City of San Bruno \$1.10 (15%)**

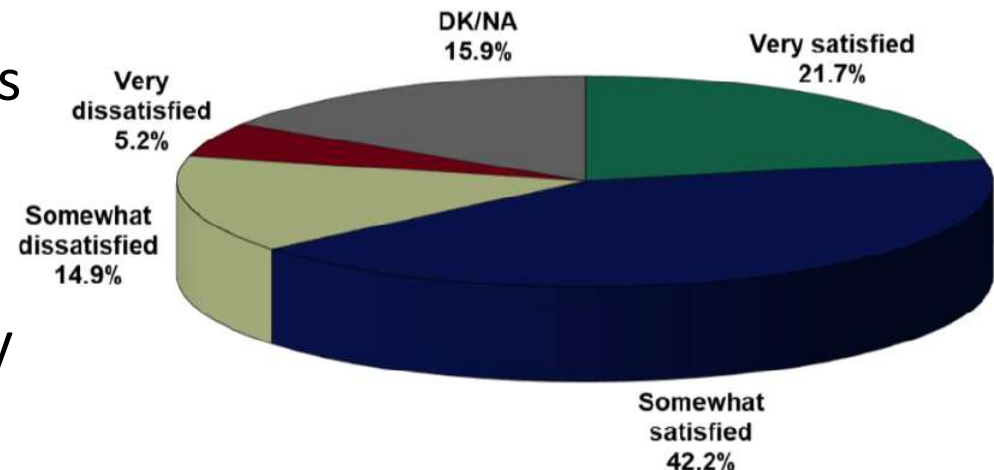


II. Community Priorities

Community Priorities Survey – COVID-19



- March 2020 community priorities survey to residents
 - 625 respondents, including 354 homeowner respondents
- 65.4% of respondents are satisfied with the job the City and State are doing to address the impacts of COVID-19
- 63.9% of respondents are satisfied with the job the City is doing to provide community services
- Largest problem facing the City
 - Coronavirus response and recovery needs



Community Priorities Survey – COVID-19



- Resident-identified priorities for COVID-19 and recovery
 - Maintaining street repair programs & maintaining jobs
 - Supporting families and residents in financial transition
 - Expanding services to support local businesses as they recover
 - Maintaining neighborhood police patrols for safety
- Many of the programs which address community priorities are at risk of cuts due to lack of local revenue

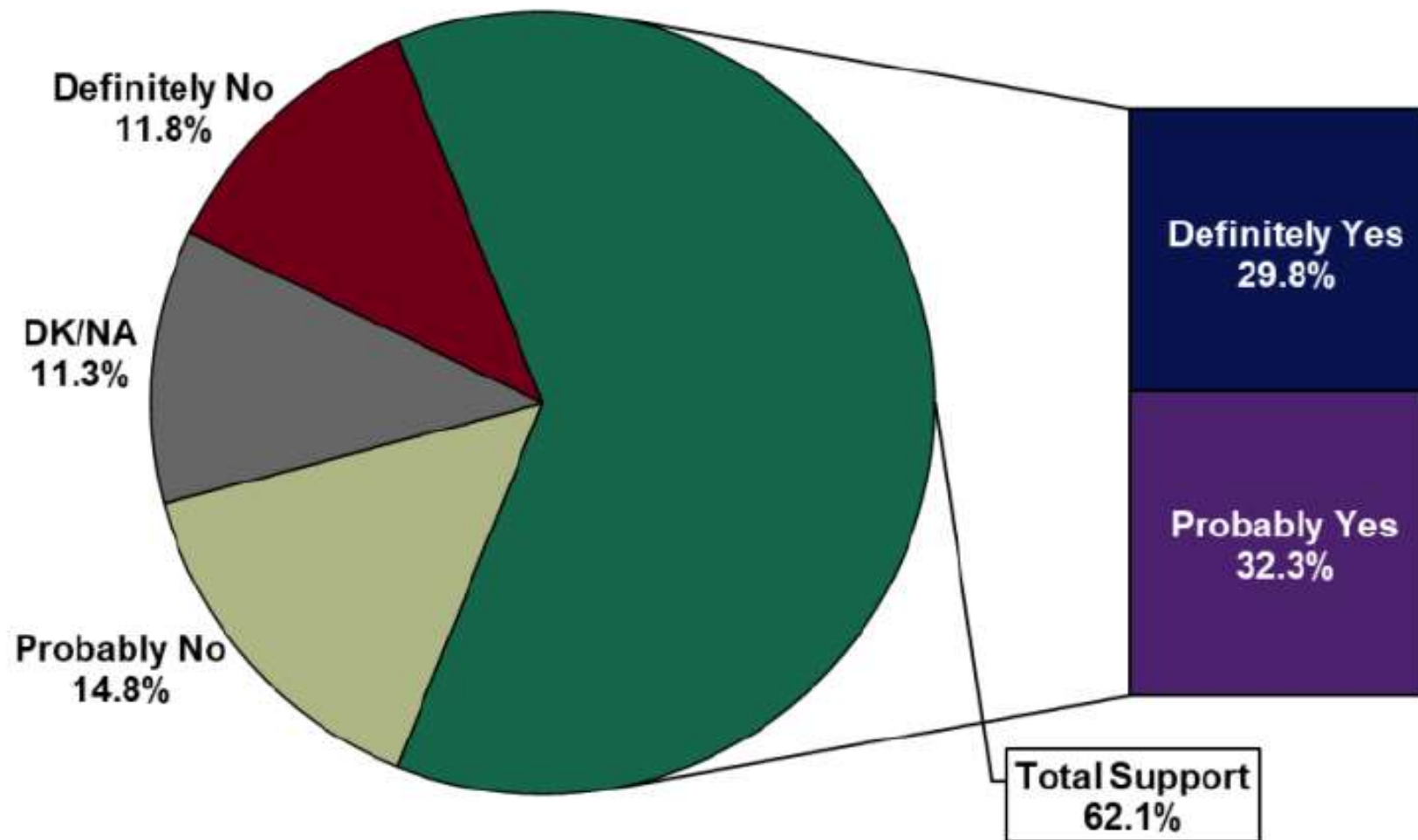
Potential Revenue Measure

November 2020 Ballot



- Current Transient Occupancy Tax (TOT) rate for San Bruno hotel operators is 12%
- Projected to generate up to \$500,000 annually (pre-COVID) without raising taxes on local residents or their property
 - \$370,000 if new rate were in effect for FY2020-21
- March 2020 Community Priorities Survey
 - 625 survey responses
 - 62.1% favor a TOT rate increase

Potential Revenue Measure November 2020 Ballot



TOT Comparison



- The following cities already have TOT rates greater than 12%:
 - Brisbane – 14%
 - Daly City – 13%
 - San Carlos – 12.5%
 - South San Francisco – 13% + \$2.50 conference tax per room per night
 - San Francisco – 14%
 - Milpitas – 14%
 - Palo Alto – 15.5%
 - Sunnyvale – 12.5%
- The Cities of San Mateo is currently exploring a TOT rate increase



III. Ballot Question

Ballot Question



To maintain essential city services/ facilities such as: addressing traffic congestion/ parking issues; maintaining neighborhood safety, 911 emergency medical response times, disaster/ health crisis response services, parks/city facilities and general services shall an ordinance updating the City of San Bruno's existing transient occupancy tax (a bed tax paid only by hotel/ lodging guests) from 12% to 14%, until ended by voters, providing approximately \$370,000 annually for San Bruno, with independent oversight/audits, all funds staying local, be adopted?

Resolution & Ordinance



- Resolution would allow the City to submit to the voters the TOT rate increase in the November 2020 election
- Authorize a process permitting a community submittal of the argument
- City Attorney's impartial analysis
- Ordinance Features
 - Increases the TOT rate from 12% to 14%
 - Continues to allocate proceeds for general purposes
 - March 1, 2021 – effective date of new tax rate



IV. Request to Council & Next Steps

Request to City Council



- Hold a Study Session
- Provide Direction to Staff Regarding Submitting to the Voters at the November 3, 2020 Election a City of San Bruno Recovery and Reinvestment Measure Increasing the Transient Occupancy Tax (“Hotel Tax”)

Election Cycle Timeline



Date	Item
July 10, 2020	San Bruno Business Roundtable Meeting with Hotel Operators
July 14, 2020	City Council Study Session - Receive information regarding a potential TOT rate increase measure and provide direction staff
July 28, 2020 *	City Council Regular Meeting – Action Required in order to place a TOT revenue measure on the November 2020 ballot
August 8, 2020	If the City Council approves, the City will transmit all require documents to the County to include the revenue measure on the November 2020 ballot
August – October	Community outreach and education efforts
November 3, 2020	Election Day
March 1, 2021	If the voters approve, the effective date of the new tax rate

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Questions and Discussion





THE END